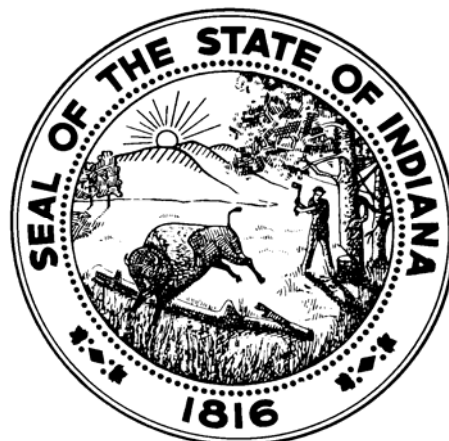


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF
INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
STATE OF INDIANA

May 1, 2004 to September 30, 2006



FILED
12/28/2006

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner, Indiana Department of Correction	Evelyn Ridley-Turner J. David Donahue	02-01-01 to 01-09-05 01-10-05 to 01-11-09
Superintendent	Kevin B. Moore	03-01-98 to 04-10-05
Superintendent	Frances A. Osburn	04-11-05 to 01-13-06
Acting Superintendent	Rondle Anderson	01-14-06 to 01-28-06
Superintendent	Stephen M. McCauley	01-29-06 to 06-30-07



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302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY

We have reviewed the receipts, disbursements, and assets of the Indianapolis Juvenile Correctional Facility for the period of May 1, 2004 to September 30, 2006. Indianapolis Juvenile Correctional Facility's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indianapolis Juvenile Correctional Facility are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

November 15, 2006

INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
REVIEW COMMENTS
SEPTEMBER 30, 2006

TRUST FUND

Negative Accounts

As stated in our prior report (B23122), the Indianapolis Juvenile Correctional Facility has 6 accounts with a negative balance creating a shortage in the fund of \$162.91. The 6 offenders were not charged for their commissary orders prior to their release from the facility.

Per Indiana Code 4-24-6-9, such losses must be covered by a general blanket performance bond or crime insurance policy. If the facility is unable to collect from the bond, it should try to receive reimbursement from the offender. If all efforts fail, then the agency may try to receive reimbursement from the institution's operating account.

Individual accounts should not be allowed to incur a negative balance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Unclaimed Property

The Offender Trust Fund maintained at the Indianapolis Juvenile Correctional Facility had several accounts that were inactive for more than 1 year. The balances in these inactive accounts were not paid or delivered to the Unclaimed Property Division in the Office of the Attorney General.

Indiana Code 32-34-1-20 provides that property becomes abandoned if held by the State or other government, governmental subdivision or agency, or public corporation or other public authority one (1) year after the property becomes distributable.

Indiana Codes 32-34-1-26 and 27 require a holder of property presumed abandoned and subject to custody as unclaimed property to report in writing and pay or deliver the property to the Attorney General.

RECREATION FUND

Unauthorized Checking Account

As stated in our prior Report B23122, the Indianapolis Juvenile Correctional Facility did not properly prepare the monthly financial statements for the Recreation Fund. We noted that donations made to the Indianapolis Juvenile Correctional Facility were not deposited into the Recreation Fund checking account, but into an unauthorized checking account. Therefore, these funds were not included in the monthly financial statements.

No funds may be accounted for outside of the Auditor of State system without specific statutory authority. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Sources of the Recreation Fund include gifts to the fund. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Institutions should have internal controls in effect which provide reasonable assurance regarding reliability of financial information and records. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
REVIEW COMMENTS
SEPTEMBER 30, 2006
(Continued)

Disbursement Documentation

As stated in our prior Report B23122, the Indianapolis Juvenile Correctional Facility does not maintain proper documentation for Recreation Fund disbursements. Several of the disbursements were made without adequate documentation as to the purpose of the disbursement.

Each Recreation Fund disbursement should be documented with the purpose for the disbursement, person and department requesting the purchase, date requested, date paid, amount of payment, check number, written approval of the superintendent or designee, vendor invoice, and verification that the goods were received. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

MONTHLY FINANCIAL STATEMENTS

The Indianapolis Juvenile Correctional Facility did not prepare the monthly financial statements for the Trust and Recreation Funds in a timely manner.

Each institution should file monthly financial statements for its local funds with the state agency having administrative control over the institution. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Institutions should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

BANK RECONCILIATIONS

The Indianapolis Juvenile Correctional Facility did not prepare the monthly Trust and Recreation Fund bank reconciliations in a timely manner.

A bank reconciliation must be performed each month. The bank statement for the checking account must be reconciled to the check register. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Institutions should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

DAILY DEPOSITS

The Indianapolis Juvenile Correctional Facility did not consistently deposit receipts for the Trust and Remittance Funds within the following business day.

Indiana Code 5-13-6-1(b) states in part: "... all public funds ... shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
REVIEW COMMENTS
SEPTEMBER 30, 2006
(Continued)

ATTENDANCE REPORTS

We observed that employee attendance reports were not dated by employees.

Every employee must submit an attendance report for each pay period. The attendance report is to be completed accurately, and be signed and dated by the employee. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

FIXED ASSET INVENTORY

As stated in our prior seven reports (most recently B23122, B16674, and B11393), the fixed asset inventory of the Indianapolis Juvenile Correctional Facility is not complete as to additions and retirements.

Each state agency is required to report to the Auditor of State all additions and retirements of assets with a cost of \$20,000 or more. Assets costing more than \$500 but less than \$20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

SDO FUND RECONCILIATIONS

The Indianapolis Juvenile Correctional Facility has not performed reconciliations of its Special Disbursing Officer (SDO) advances in a timely manner.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

Institutions should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

SDO FUND REIMBURSEMENTS

The Indianapolis Juvenile Correctional Facility has not submitted reimbursement vouchers for disbursements from its Special Disbursing Officer (SDO) advances in a timely manner.

The SDO officer shall submit Reimbursement Vouchers in a timely manner, so the SDO account is not depleted. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

Institutions should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2006, with Stephen M. McCauley, Superintendent; Kevin B. Moore, former Superintendent; Zettie Cotton, Assistant Superintendent; and Dawn Tolen, Business Administrator. The official response has been made a part of this report and may be found on pages 8 and 9.

A copy of the Review Comments and Exit Conference Form was mailed to Frances Osburn, former Superintendent, on December 11, 2006.



Mitchell E. Daniels, Jr.
Governor

J. David Donahue
Commissioner

INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY
2596 Girls' School Road • Indianapolis, Indiana 46214-2199
Phone: (317) 244-3387 • Fax: (317) 244-4670

Stephen M. McCauley
Superintendent

To: State Examiner

From: Stephen McCauley, Superintendent
Indianapolis Juvenile Correctional Facility

Date: December 14, 2006

Re: "OFFICIAL RESPONSE"

On December 5, 2006, Michael Daniely, Field Examiner for the State Board of Accounts, held an Exit Conference of his audit of the Indianapolis Juvenile Correctional Facility. He examined the period of May 1, 2004 to September 30, 2006. Below are the plans to correct the review comments.

TRUST FUND

Negative Accounts

The facility will take action to receive reimbursement from IJCF operating account in the amount of \$162.91. Due to the age of the negative balances, 2001, 2002, and 2004, it is highly unlikely we can locate offender for reimbursement.

Unclaimed Property

The facility has taken action to acquire the forms and program to report the unclaimed property for inactive accounts and will deliver the property to the Unclaimed Property Division in the Office of the Attorney General by December 31, 2006.

RECREATION FUND

Unauthorized Checking Account

The facility will close the two unauthorized checking accounts. The facility will then deposit those funds into the recreation account and set internal controls that will provide reasonable assurance regarding reliability of financial information and records.

Disbursement Documentation

The facility will document the purpose for the disbursement, person and department requesting the purchase, date requested, date paid, amount of payment, check number, written approval of the superintendent or designee, vendor invoice, and verification that the goods were received.



STATE OF INDIANA

Department of Correction • Indiana Government Center - South, Room E334 • 302 W. Washington Street • Indianapolis, Indiana 46204-2738
Phone: (317) 232-5711 • Fax: (317) 232-6798 • Website: www.in.gov/indcorrection/

EOE



MONTHLY FINANCIAL STATEMENTS

The facility will prepare the monthly financial statements for the Trust and Recreation Funds in a timely manner.

BANK RECONCILIATIONS

The facility will prepare the monthly Trust and Recreation Fund bank reconciliations in a timely manner.

DAILY DEPOSITS

The facility will deposit receipts for the Trust and Remittance Funds within the following business day.

ATTENDANCE REPORTS

The immediate supervisor or another designated individual who has knowledge of the employee's attendance will review the Attendance Report for accuracy and completion prior to submission of payroll to the Auditor's Office. This will include that the report is signed and dated accurately.

FIXED ASSET INVENTORY

The facility has initiated a plan to complete the fixed asset inventory as to additions and retirements by April 2, 2007.

SDO FUND RECONCILIATIONS

The facility has completed the reconciliations for the SDO fund and will continue to complete in a timely manner.

SDO FUND REIMBURSEMENTS

The facility has a new SDO officer who will submit Reimbursement Vouchers in a timely manner.

Cc: Zettie R. Cotton
Leann Brummitt
Dawn Tolen

File